



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON CAUTIOUS INCOME FUND P GBP

FUND FACTSHEET - AS AT 30 SEPTEMBER 2018



OBJECTIVES

FUND AIM

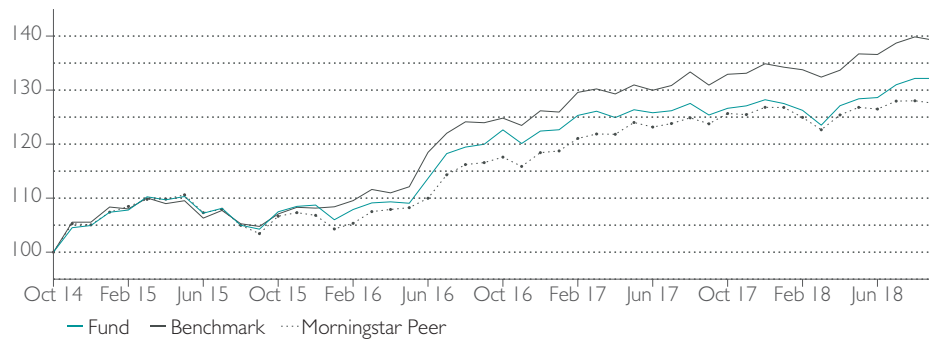
The investment objective of the Waverton Cautious Income Fund is to provide holders with a reasonable level of income and maintain the real value of the capital over the medium to long term. The yield of the Fund may alter as interest rate and market conditions change.

INVESTMENT STYLE

The Fund has a multi-asset structure and invests in a diversified portfolio of equities, government and corporate bonds mainly through third party funds but also with some direct holdings. The Fund will maintain a relatively concentrated portfolio with a high degree of flexibility.

PERFORMANCE

PERFORMANCE SINCE INCEPTION



Risk Warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise and investors may not get back their initial investment.

Important information: Performance displayed is for the P Share Class. Performance is calculated on a NAV to NAV basis and does not take into account any initial fees. Performance is displayed net of fees and assumes income is reinvested. The Waverton Cautious Index is a composite benchmark of 45% MSCI AC World Index TR, 17.5% Iboxx Sterling Gilts Index, 17.5% Iboxx Sterling Corporates Index, 20% GBP 1 month LIBOR.

Period	1 Month	3 Months	YTD	1 Year	3 Years	Inception Oct 14
Portfolio (%)	0.0	2.8	3.1	5.4	26.8	32.2
Benchmark (%)	-0.4	1.9	3.2	6.3	32.9	39.2
Average Peer Group (%)	-0.4	0.8	0.6	3.0	23.3	27.7
Quartile	1	1	1	1	2	1

DISCRETE CALENDAR YEAR PERFORMANCE

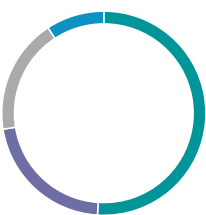
Period	2017	2016	2015
Fund (%)	4.7	12.6	3.6
Benchmark (%)	6.9	16.7	2.5

STANDARDISED PERFORMANCE

Period 1 year to	30/09/2018	30/09/2017	30/09/2016
Fund (%)	5.4	4.5	15.1

PORTFOLIO SUMMARY

ASSET ALLOCATION



Asset	%	Projected Yield (%)
Equities	51.0%	1.5%
Alternatives	21.5%	1.0%
Fixed Income	18.3%	0.8%
Cash	9.2%	0.0%
Total	100.0%	3.3%

TOP 10 HOLDINGS

iShares MSCI World UCITS ETF	6.9%
Waverton Sterling Bond Fund 'A' Inc £	5.5%
Morant Wright Nippon Yield Fund 'B' £ Inc	3.8%
Channel Islands Property	3.4%
iShares S&P 500 UCITS ETF	3.1%
RWC Global Emerging Markets B £	2.9%
Citi Accrual Note W/OF FTSE100 / EUSTOXX50 6.00%	2.9%
Royal Dutch Shell Plc 'B' €0.07 (UK list)	2.4%
Twelve Capital Fund SICAV Twelve Insurance Best Ideas	2.3%
Invesco Physical Markets Secured Gold Linked Notes US\$	2.2%
Total	35.3%

COMMENTARY

The fund was flat on the month, which was a good outcome in turbulent markets. In sterling terms, the global equity market was down slightly, with Europe, Asia and Emerging Markets displaying weakness and Japan bucking the trend. Government bonds were also weak; the yield on the US Treasury rose above 3% again reflecting a continued positive outlook for the US economy. We trimmed our US Treasury position in the face of this given the technical importance of the 3% level. We retain a position, however, as any disinflationary or recessionary impulse would likely see yields back below 3% again. Sterling was slightly stronger over the month, both in trade-weighted terms and against the dollar. Our overall position remains "short" sterling as we are allocated to overseas assets. We remain unhedged as we move through both the Labour and Conservative Party Conferences, keeping a close eye on Brexit-related commentary.

The fund's relatively strong performance was driven by equities; principally our energy basket (despite weakness in our position in Schlumberger, which we have reviewed and retain our position in) and information technology positions. Regionally, our US positions led the way once again, notwithstanding the strength in sterling, and we saw some strength in our UK equity allocation. Our bond allocation was broadly flat over the month.

Regular readers will know that we keep a close eye on the movements *within* equity markets, and it is interesting to see that the strength in cyclicals-relative-to-defensives seems to have peaked in February and has been range-bound since early summer. Value/growth has also been range-bound over the same time period while US tech (NASDAQ) stopped outperforming the broader market (S&P 500) at a similar time. A change in relative strength often holds hidden messages, and we are cognisant that the strong economic background in the US in particular could be leading to the beginning of a resurgence in the price ascribed to undervalued assets. We believe we are positioned well for any resurgence in the value of energy assets (which remain cheap relative to their own history and versus a consistently strong oil price) and are reviewing our underweight position in Emerging Markets and Asia following a stabilisation of the dollar.

During the month we re-weighted our US equity positions which had the effect of slightly reducing our exposure to tech and increasing our exposure to energy, industrials and telecoms. We entered into a new, more defensive, dual-index structured product. We also added a new position in VPC Specialty lending which we believe to be a special situation turnaround story which is much of the way there; the stock is paying c.10% yield while we wait for the discount to narrow.

Positioning as at the end of the month was c.50% equity risk, 20% in bonds and 23% in Alternatives. The US dollar remains our biggest portfolio risk at 40% (the indirect effect of a high US equity and bond weight).

FUND DETAILS

FUND FACTS

Launch Date	16th October 2014
Morningstar Sector	GBP Moderate Allocation
Benchmark	Waverton Cautious Index*
Fund Size	£44.1m
No. of Holdings	59
Domicile	Ireland
Sedol	BQ1KQI
Bloomberg Code	WAVCIPG ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	Jan 31st, Apr 30th, Jul 31st and Oct 31st

*Waverton Cautious Index: 45% MSCI AC World Index, 17.5% Iboxx Sterling Gilts Index, 17.5% Iboxx Sterling Corporate Index, 20% GBP LIBOR 1 Month

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
B GBP	IE00BQ1KPP02	1,500 GBP	0.75%	INC	11.06	3.97%	1.57%
P GBP	IE00BQ1KQI19	1,500 GBP	0.40%	INC	11.28	3.96%	1.22%

Note: The Cautious Income Fund P share class is only available through Financial Advisers

CONTACT DETAILS

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Risk Warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise. All financial investments involve an element of risk. Clients should note that yields on investments may fall or rise dependent on the performance of the underlying investment and more specifically the performance of financial markets. As such, no warranty can be given that the expressed yields will consistently attain such levels over any given period. Currency movements may also affect the value of the investment. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency.

For full details of investment risks please refer to the Prospectus. A copy of the full prospectus and the KIID is available from Waverton Investment Management or Administrator, RBC Investor Services (Ireland).

Sources: Waverton, Morningstar.

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FUND MANAGER



James Mee

FUND MANAGER



Luke Hyde-Smith

RISK PROFILE

